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BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA
DOCKET NO. 89-550-C - ORDER NO. 90-908
OCTOBER 1, 1990

IN RE: Application of Telink Telephone Systems, Inc. for a Certificate of Public Convenience and Necessity to resale intrastate, interLATA telecommunications services in South Carolina.) ORDER GRANTING) CERTIFICATE OF) PUBLIC CONVENIENCE) AND NECESSITY))

This matter comes before the Public Service Commission of South Carolina (the Commission) by way of an Application filed on January 29, 1990, by Telink Telephone Systems, Inc., (the Company) seeking a Certificate of Public Convenience and Necessity to operate as a reseller of telecommunications services within the State of South Carolina. The Company is a privately-held corporation incorporated in the State of Georgia, which seeks authority to provide resold and "0+" collect only interexchange telephone service from points of origin within the State of South Carolina to termination points within South Carolina, within other parts of the United States, or within foreign countries. These services are expected to be used primarily by callers in county jails and State correctional facilities including temporary housing units.

The application was filed under the provisions of S.C. Code Ann. Sections 58-9-10(6) and 58-9-280, (1976), as amended. The

application was duly noticed to the public and Petitions to Intervene were filed on behalf of Southern Bell Telephone and Telegraph Company (Bell) and Steven Hamm, the Consumer Advocate of the State of South Carolina (the Consumer Advocate). A public hearing as to the matters asserted in the Application was held in the Hearing Room of the Commission at 111 Doctors Circle at 11:00 a.m., on Tuesday, May 15, 1990, before the Commissioners, with Chairman Caroline H. Maass presiding. Frank R. Ellerbe, III, Esquire, appeared on behalf of the Company; Fred A. Walters, Esquire, for Bell; Carl McIntosh, Esquire, for the Consumer Advocate; and Marsha A. Ward, General Counsel, appeared on behalf of the Commission Staff.

On July 10, 1990, in Docket No. 90-305-C, the Commission issued its Order No. 90-663 in which it determined that a proceeding should be initiated to consider whether Customer Owned Coin Operated Telephone (COCOT) providers should have the authority to provide "0+" collect local and intraLATA service to confinement facilities. In that Order, the Commission also specifically held in abeyance its decision as to Telink's application for such authority filed in the instant docket. As a result, on July 19, 1990, Telink filed a petition requesting permission to intervene and be made a party to Docket 90-305-C, which request was granted by the Commission's Order No. 90-755. Therefore, though evidence was presented by the Company and Bell at the May 15, 1990, hearing on the issue of Telink's request to provide "0+" collect local and intraLATA service to confinement facilities, the instant decision will deal only with Telink's request for resale authority.

The Company presented the testimony of Myron M. Newman, Vice-President of Operations for Telink Telephone Systems, Inc. Mr. Newman outlined the Company's legal, financial and managerial qualifications, and technical capabilities and addressed the issue of whether the public convenience and necessity requires the issuance of the requested certificate. He detailed the training, education and experience of those who would serve in top management positions with the Company. He testified that Telink has arranged to finance its operation through the Toro Tel Group, with a net capitalization of \$1.5 million. He stated that he had visited numerous county jail facilities across the state and found that they were very interested in the services of his company. His equipment is installed in the internment area, though all transmitting equipment is located elsewhere in the facility. The location of the phone in the internment area frees the facility's management from the need to assign a guard to transport inmates to and from the telephone.

Mr. Newman also introduced the Company's proposed tariff in this matter which is based on tariffs already approved for other providers of similar services in the State.

Bell introduced the testimony of Mr. C.L. Addis, Staff Manager, Regulatory Matters for Southern Bell Telephone and Telegraph Company. Mr. Addis testified that the Company should be subject to the exact terms, conditions, and limitations imposed on every other reseller providing telephone service in South Carolina, and should only be allowed to complete intraLATA calls over facilities that are approved for resale. Bell considers the

Company's request to be allowed to provide "0+" service to amount to a request to become an Alternate Operator Service (AOS). Mr. Addis stated that in the past the AOS providers were denied the ability to complete intraLATA calls unless the service has been approved for resale, including such services as Message Telecommunications Service (MTS), Wide Area Telecommunications Service (WATS), Foreign Exchange Services (FX), and Private Line Services. Bell contends that they have not been allowed to perform operator or operator type functions for "0+" traffic within the local calling areas or the LATA's and that all "0+" local and intraLATA calls should be handled by the Local Exchange Company (LEC). Further, Bell stated through its attorney that it was not opposed to granting the Company a Certificate to resale telecommunications services on these terms.

After consideration of the evidence in this matter, and in accordance with applicable law, the Commission makes the following findings and conclusions:

1. Telink, a privately-held Georgia corporation, is a non-facilities based reseller of interexchange telecommunications services, which seeks to provide resale interexchange telephone service primarily to callers in county jails and State correctional facilities including temporary housing units.

2. Consistent with our intent to encourage greater competition in the interexchange market place as previously stated (See, Order No. 89-1015, issued October 23, 1989, in Docket No. 88-693-C), the approval of this Application will serve the public interest in that the Company has identified an area which may not be adequately

serviced at this time and which has shown itself open to further competition.

3. The Company herein has shown itself to be fit, willing, and able to provide such resale telecommunication services and that therefore it should be granted a Certificate of Public Convenience and Necessity to provide intrastate, interLATA service through the resale of intrastate WATS, MTS, FX and Private Line Services, or any other services authorized for resale by tariffs of facility based carriers approved by the Commission.

4. The Company shall block or switch to the LEC all intraLATA calls which are attempted over its network. If the Company incidentally or accidentally completes any intraLATA calls, the LEC should be compensated as ordered by the Commission in Order No. 86-793, issued August 5, 1986, in Docket 86-187-C.

5. The issues and matters to be decided in Docket 90-305-C have been determined to be of great significance to the Company's request herein to be granted authority to provide "0+" collect local and intraLATA service to confinement facilities; that the Company herein has intervened in Docket 90-305-C; and that any decision as to those issues has been held in abeyance.

6. A rate structure incorporating a maximum rate level with the flexibility for downward adjustment has been previously adopted by this Commission. IN RE: Application of GTE Sprint Communications Corporation, etc., Order No. 84-622, issued in Docket 84-10-C, on August 2, 1984. The Commission herein adopts the rate design for the Company which includes only a maximum rate level for each tariff charge; the maximum rate level for operator

services being the rate charged by American Telephone and Telegraph Communications (AT & T) and the intrastate rates being charged by the Company for operator service will be no higher than the intrastate rates being charged by AT & T at the time the call is made.

7. While the Commission is conscious of the need for resellers to adjust rates and charges timely to reflect the forces of economic competition, rate and tariff adjustments below the maximum levels should not be accomplished without notice to the Commission and to the public. The Company shall incorporate provisions for filing rate changes and publication of notice of such changes two weeks prior to the effective date of such changes, and affidavits of publications must be filed with the Commission. Any proposed increase in the maximum rate level reflected in the tariffs of the Company, which should be applicable to the general body of subscribers, would constitute a general ratemaking proceeding which would be treated in accordance with the notice and hearing provisions of the S. C. Code Ann. Section 58-9-540 (Cum. Supp. 1988).

8. The Company should file tariffs to reflect the findings herein within thirty (30) days of the date of this Order.

9. That the Company may only use such underlying carriers for the provision of intrastate telecommunications service as are certified by this Commission to provide such service and the company will notify the Commission in writing as to its underlying carrier or carriers and of any change in its carrier.

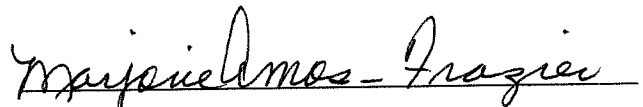
10. The Company is subject to any applicable access charges

pursuant to Commission Order No. 86-584 in which the Commission determined that the reseller should be treated similarly to facility based carriers for access charge purposes.

11. The Company is required to file on a yearly basis surveillance reports with the Commission as required by Order No. 88-178 in Docket 87-483-C. The proper form for these reports should be as per Attachment A, hereto.

IT IS THEREFORE ORDERED that the foregoing findings and conclusions of the Commission are hereby ordered to be accomplished as set forth herein.

BY ORDER OF THE COMMISSION:


Chairman

ATTEST:



Executive Director

(SEAL)

ANNUAL INFORMATION ON SOUTH CAROLINA OPERATIONS
FOR INTEREXCHANGE COMPANIES AND AOS'S

(1) SOUTH CAROLINA OPERATING REVENUES FOR THE 12 MONTHS ENDING
DECEMBER 31 OR FISCAL YEAR ENDING _____.

(2) SOUTH CAROLINA OPERATING EXPENSES FOR THE 12 MONTHS ENDING
DECEMBER 31 OR FISCAL YEAR ENDING _____.

(3) RATE BASE INVESTMENT IN SOUTH CAROLINA OPERATIONS* FOR 12
MONTHS ENDING DECEMBER 31 OR FISCAL YEAR ENDING _____.

*THIS WOULD INCLUDE GROSS PLANT, ACCUMULATED DEPRECIATION,
MATERIALS AND SUPPLIES, CASH WORKING CAPITAL, CONSTRUCTION
WORK IN PROGRESS, ACCUMULATED DEFERRED INCOME TAX,
CONTRIBUTIONS IN AID OF CONSTRUCTION AND CUSTOMER DEPOSITS.

(4) PARENT'S CAPITAL STRUCTURE* AT DECEMBER 31 OR FISCAL YEAR
ENDING _____.

*THIS WOULD INCLUDE ALL LONG TERM DEBT (NOT THE CURRENT
PORTION PAYABLE), PREFERRED STOCK AND COMMON EQUITY.

(5) PARENT'S EMBEDDED COST PERCENTAGE (%) FOR LONG TERM DEBT
AND EMBEDDED COST PERCENTAGE (%) FOR PREFERRED STOCK AT YEAR
ENDING DECEMBER 31 OR FISCAL YEAR ENDING _____.

(6) ALL DETAILS ON THE ALLOCATION METHOD USED TO DETERMINE THE
AMOUNT OF EXPENSES ALLOCATED TO SOUTH CAROLINA OPERATIONS AS
WELL AS METHOD OF ALLOCATION OF COMPANY'S RATE BASE
INVESTMENT (SEE #3 ABOVE).